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LETTERS

ON THE

SITUATION IN THE NORTH WEST

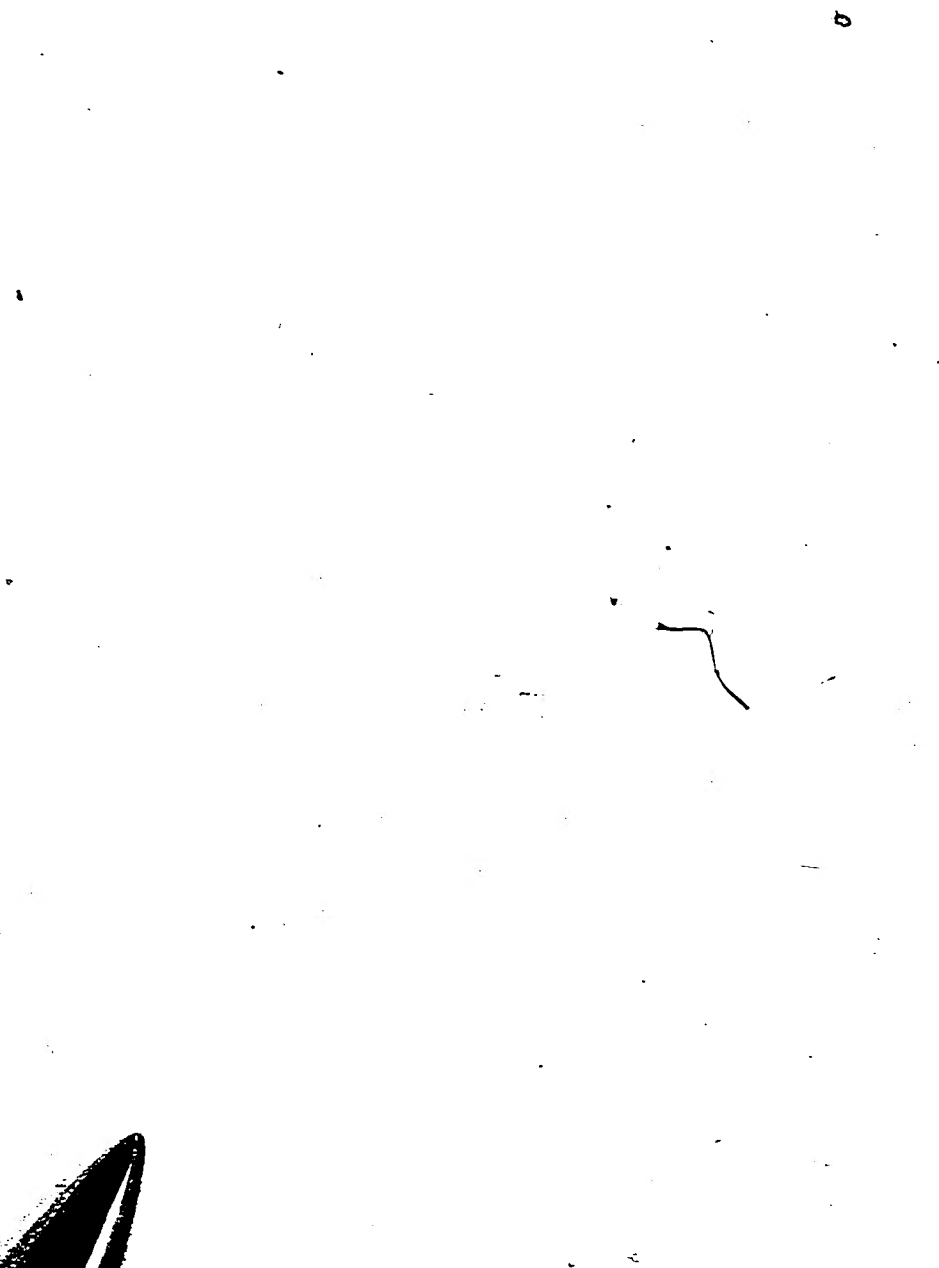
BY

JULIUS

AS THEY APPEARED IN

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LETTERS

ON THE

SITUATION IN THE NORTH WEST.

LETTER I.

When the business connected with the Canada Pacific Railway contract shall have been completed the next question that will probably occupy the attention of Parliament will be the extension of the boundaries of Manitoba. In the speech from the Throne we are told a measure to that effect is to be brought down by the Government, and it is therefore reasonable to expect that this will be one of the first measures immediately following that of the Canadian Pacific contract.

In dealing with this matter, however, I trust the Government will not only provide for the enlargement of the boundaries of Manitoba, but will also consider some broad principle for extending to the people of the Northwest Territory as soon as they are in a position to receive the same those rights of constitutional Government which are enjoyed by the rest of the people of Canada.

Taking into consideration the peculiar circumstances of the case the problem of providing properly for the Government of the Northwest is one that will require the utmost care and judgment on the part of our statesmen.

The Canadian Pacific Railway question has for years exercised the public mind, and the difficulties surrounding it became at one time so complicated that it was believed by many that Canada had undertaken a work beyond

her ability to accomplish. The complication of difficulties, however, attending the progress of the Canadian Pacific scheme arose more from errors of judgment on the part of some of our public men, as well as an unpatriotic attempt to convert the question into a party struggle for power, than any real elements of weakness in the scheme itself. The result, however, was a loss of confidence in the project, a serious injury to the character and progress of the Northwest, and a back-handed blow at the very credit of Canada itself. By a decisive policy of action the Government, notwithstanding the opposition they have had to contend against, are now in a fair way to settle, once for all, the great question which has been for years *pendente* with the great political parties of the Dominion.

But at this juncture there looms up, it appears to me, a subject of almost equal importance to that of the Canadian Pacific Railway, namely—provision for the extension of constitutional Government to the Northwest.

The rapid construction of the railway through the prairie section will assuredly be the means of attracting a very large number of settlers to the country within the next five or ten years, and the population of the Northwest, it is reasonable to suppose, will increase to such an extent that provision will have to be made with but little delay for granting them the same rights and

privileges which the rest of the Dominion at present enjoy.

With the proposed enlargement of the boundaries of Manitoba, I think the time has come for the Government to adopt some line of policy by which the North-western territory, when the proper time comes, can be divided into provinces of the Dominion. Some line of policy which, though of necessity, special in its character, owing to the peculiar circumstances that exist in the relations between the Dominion and the North-west, will govern alike all the provinces to be created in that portion of Canada.

It has been customary for delegations from British Columbia, Manitoba and other provinces to visit Ottawa at almost stated periods to ask for better terms. It is desirable I think to put an end to all such delegations in the future. I would like to see our great statesmen grasp the situation now, and by some broad, well-defined policy forecast and provide some mode of dealing with the future necessities of the Provinces in the North-west, so as to prevent any further demands on their part for additional aid.

In defining such a policy, however, it must be remembered that the lands of the Northwest became the property of the Dominion by purchase on the transfer of the country to Canada; that local taxation for purposes of government is next thing to impossible in that new country for many years to come; that while the construction of the Canadian Pacific will serve to develop and people the Northwest, it will at the same time be instrumental in adding very considerably to the revenue, trade and wealth of the whole Dominion, without contributing anything to the income of the new Provinces through which it will pass, to enable them to defray the expense of local government, increased, as it will be year by year, by additional population brought in by the railroad.

Ere many years there will be at least four large provinces created in the Northwest, every one of which will be without the necessary means to carry on the machinery of government unless some provision is made for them beforehand. As matters are to-day in the Northwest they would be without an acre

of land on which to borrow or raise a revenue; they could not raise one dollar through local taxation; they would not have the slightest security on which to establish a credit; they would have nothing but what the Dominion chose to give them in the way of subsidy. The province of Manitoba now owns just twenty-five acres of land within its limits, and that is every foot it can boast of having under its control, unless it is a few lots in the city of Winnipeg, for which it had to pay city prices.

The visits of Provincial delegations to Ottawa on better terms are humiliating not only to the provinces themselves but also to the whole Dominion; but how can they be avoided when there is an ever increasing necessity for expenditure without any means of supply except from the Federal treasury? Yet the sooner the necessity for such visits be done away with the better it will be for the welfare of Confederation.

Our statesmen need no longer shut their eyes to the fact that some immediate steps must be taken to place the people of the Northwest on a more independent footing ere it becomes too late, ere the means to grant them this independence are consumed, and the Dominion left for all time to come with the ever increasing burden of having to provide the whole means for governing four provinces, each one as large if not larger than Ontario.

Up to the present time the Government of Canada have not been in a position to deal with this question because no definite policy had been adopted in regard to the construction of the Canadian Pacific. It has always been contended that the lands of the Northwest were to pay for the cost of the railway, and therefore nothing could be done concerning their disposal until such time as it became known how much and in which localities the lands would be required for railway purposes.

The decided action taken by the Government on the Canadian Pacific question has not only brought that important matter to a favorable issue, but it has also secured a solution of the difficulty attending the disposal of the Northwest lands. The

Pacific Railway contract has left the way clear now for the Government to be able to apportion the lands that may be necessary to pay for the whole construction of the road after which a certain quantity can be applied to the maintenance of the provinces to be created.

It must be understood, however, that the policy of making the lands of the Northwest pay the whole cost of the construction of the Canadian Pacific is not fair by any means. The road is as much a national undertaking as was the Intercolonial or any of the expensive canals in Ontario and Quebec the cost of which was borne by the General Government. Inasmuch, however, as the Canadian Pacific will be the means of opening up the country and increasing the value of the

lands, I think it but proper that the Northwest should bear a large if not the largest proportion of the cost of construction, but it cannot be denied by any intelligent man that the older Provinces of Ontario, Quebec and those on the Atlantic coast will benefit to a very large degree by the immense trade which the railway when completed will bring to them. Moreover, the revenue of the Dominion will be largely increased, so that when the Northwest will have borne the whole cost of constructing the road it will have done actually more than its share towards the common welfare of the whole of Canada.

Yours,

JULIUS.



LETTER II.

It has been used as an argument against the Northwest that the country cost the Dominion one million five hundred thousand dollars as purchase money. Well, admitting this to be the case, let us see how the Treasury is to be recouped this amount. Allowing that there are 250 million acres of good land in the Northwest, it would make the cost to the Dominion about 6 mills per acre, at which rate, with its present boundaries, Manitoba would have to repay about \$48,000 to the General Government as the first cost on its lands. If enlarged to contain say 75 million acres, it would have to pay back on a proportion of 50 million acres of good land within its extended boundaries \$300,000. The three other provinces to be created would, in like manner, have to recoup the Treasury their proportion. But to return to Manitoba, as it is at present, how does it stand in relation to its lands? The total cost of surveys of Dominion lands in the Northwest was \$1,318,485.05 up to the close of the year 1879, and for the same period the following was realized by the Government of Canada:—

9,844 Homestead entries at \$10....	\$ 98,440.00
820,579 Acres preemption at \$1.....	820,579.00
243 Entries free culture at \$10....	2,430.00
610,067 Acres sold at \$1.....	610,067.00

\$1,531,516.00

Less cost of survey, &c..... 1,318,485.05

Balance in favor of Manitoba..\$ 213,030.95

So that Manitoba had paid in up to the close of 1879, after paying all expenses of survey, the sum of \$213,030.95 towards liquidating the first cost of the lands. By the close of 1881 it will have more than repaid the Dominion its share of the purchase money to the Hudson Bay Company, even including the area that will be contained within its enlarged boundaries. Now these figures, taken from official sources, completely do away with the argument that the Dominion has to bear the burden of paying for the lands in Manitoba. The lands in

Manitoba, therefore, so far as actual outlay is concerned, really belong to the Province.

Manitoba has also been represented as a burden on the Dominion. Now let us see how this turns out when figures are consulted. From the formation of the province till the close of 1889, the amount received by the Dominion from Manitoba was as follows:

Customs duties.....	\$ 1,576,899 98
Excise.....	216,739 75
Timber dues.....	26,863 57
	<u>\$ 1,820,494 30</u>

Less subsidy for same period.....\$ 804,019 21

Amount withdrawn from capital debt of Province for local improvements..... 258,386 11 1,062,405 22

Balance \$ 758,088 98

Or in other words, Manitoba has contributed over three quarters of a million to the General Treasurer over and above the amount drawn by her for purposes of Local Government and improvements. Now, after this, who will say that Manitoba has been a drag on the Dominion?

In comparison to the other smaller Provinces of the Dominion, how does Manitoba stand? New Brunswick, up to the close of '79, shows a surplus of returns from customs and excise revenue over and above total receipts from Dominion sources of \$1,479,748.62; Manitoba, \$712,238.99; Nova Scotia, \$299,212.82; British Columbia, \$58,204.01, and Prince Edward Island, taking into account the outlays on the Prince Edward Island Railway shows a deficit of \$4,021,877.90. So that Manitoba instead of having been a burden stands second on the list in the matter of surplus receipts in a comparison made with the minor provinces of Confederation.

There has been a great deal said in relation to the burden which the building of the Canadian Pacific Railway will entail upon the Dominion. Now, as an offset to this, let us see what the Dominion has assumed

from time to time on account of the provinces:

Ontario and Quebec, on entering confederation, were relieved of a debt of \$73,000,088.84; Nova Scotia has been paid or has had assumed by the Dominion, \$10,476,735.13; New Brunswick, \$8,193,894.44; Prince Edward Island, \$4,636,899.83; British Columbia, \$1,444,412.76; and these amounts do not include the subsidies paid to each of the provinces. The public debt of Canada in the way of debentures in the foreign market alone is \$137,024,582.53, nearly all of which has been caused by expenditure in the older provinces of the Dominion, and I would like to know if the great Northwest will not be expected to contribute a very large share towards paying off that debt?

Now, let us take a look at the public works, or which Canada at the present day is so deeply in debt:

Desjardins Canal.....	\$ 129,263 93
St. Lawrence Canal.....	8,435,329 27
Lachine Canal.....	4,579,384 79
Welland Canal.....	18,114,563 02
Chambly Canal.....	436,302 85
Lake St. Peter.....	1,164,235 08
Burlington Bay Canal.....	308,328 32
St. Peter's, N.S., Canal.....	380,685 47
Sale Verte Canal.....	9,472 78
	<hr/>
	\$33,608,565 49

Over thirty-three millions expenditure for canals up to 1880.

Nova Scotia Railway.....	\$ 6,749,486 65
European & North American RR.....	4,761,960 44
Government Railways, N. S. & N. B.....	1,593,556 72
Intercolonial Railway.....	25,238,715 83
Prince Edward Island RR.....	3,466,588 57
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	\$41,832,308 21

Over forty-one millions expenditure for railways in the older provinces up to close of 1880.

Then we have a miscellaneous expenditure by the Dominion for the benefit of the provinces in particular and the whole country generally:

Improvement of St. Lawrence.....	\$ 1,306,000 00
Graving dock, Quebec.....	125,000 00

These two are in the shape of investments bearing interest.

Harbors and lighthouses.....	\$2,663,536 78
Ottawa works.....	3,476,556 44
Improvement of the Trent.....	559,067 70
Roads and bridges Upper and Lower Canada.....	1,646,880 54
Government buildings, Ottawa.....	4,050,644 87
Miscellaneous works.....	2,391,491 90
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	\$14,788,128 15

So that over 90 millions have been expended on public works in the older Provinces for which the Dominion is liable. Not one cent of this expenditure has been paid, the money having been borrowed is still due, and in the liquidation of the debt the Northwest will be called upon in the future to play a very important part. Yet, the Dominion is grumbling lest they may have to pay any portion of a work (the Canadian Pacific Railway) which when completed will open up a great country whose treasures are destined to assist very materially in paying off the present public debt of Canada.

It is true the public works which I have enumerated are considered as assets of the Dominion, and that the Canadian Pacific when completed will not be so considered as it will be handed over to a Syndicate of capitalists. This may be an argument used in favor of allowing the whole cost of construction to rest upon the Northwest, but it does not change the fact that the benefits derived from the running of the road will be almost equally distributed over all the Provinces of the Dominion, and that therefore the undertaking is of a national character.

It is useless, however, to enter into an argument as to whether the Northwest ought or ought not to bear the whole cost of construction. It has been decided that it shall pay for the road, and therefore we will now see how it is to be done. I do not think it is over-estimating the amount of good land in the Northwest when I place it at 250,000,000 acres. My own opinion is that it will be found to exceed that amount. However, we will take 250,000,000 as our ground work. Of this there are 25,000,000 given out and out to the Syndicate, who will construct the road. There will be 12,500,000 to go to the Hudson's Bay Company under their bargain with the Dominion, and for school purposes there will have to be laid

aside in the neighborhood of 14,000,000 more, leaving still in the hands of the Government of Canada 198,500,000. Of this there has been disposed already—

Homesteads, pre-emptions and sales.....	3,231,507
Half-breed grant.....	1,400,009
Settlement belt and other settlements not included before, say :	1,000,000
	<u>5,631,507</u>

Or in rough figures 5½ millions, thus leaving a net balance in the hands of the Dominion of 193 million acres for the purpose of recouping the money already expended on the Pacific Railway and of raising the necessary \$25,000,000 to pay over to the Syndicate. The estimated cost of the work to be completed

by the Government on the railway is \$30,000,000, which, with the sum to be paid to the Syndicate, will make \$55,000,000. I think \$1.00 per acre is the proper net value to place on the lands, notwithstanding what has been said to the contrary, because any sum realized over and above that rate will be required to pay commission and charges of management in disposing of them. It will require, therefore, 55 million acres to pay off the cost of the railway, which, when deducted from 193, leaves still 138 millions for the maintenance of the provinces to be created in the Northwest.

Yours truly,

JULIUS.



LETTER III.

I can understand the difficulty of handing over the balance of the land to the Northwest provinces until such time as the country has been surveyed and the proportion for the construction of the railway actually located. But we will see if some plan cannot be devised by which this obstacle can be overcome.

Before doing so, however, let us look into some other matters. A rearrangement of the specific grants to the several provinces for legislation and civil government will have to be made, in order to make them more uniform, especially in the case of the Northwest. The specific grants at present are as follows:—

Ontario	80,000.00
Quebec	70,000.00
Nova Scotia	60,000.00
New Brunswick	50,000.00
Prince Edward Island	50,000.00
British Columbia	35,000.00
Manitoba	30,000.00

In re-arranging these specific grants to the provinces the question of territory and local revenue ought to be considered, as well as population, because it is very clear the two former have a very great influence on such expenditure. Thus, for instance, Manitoba, which at present has a very limited area, when increased to probably ten times its size will require to expend more than double the amount for legislation and civil government, owing to the necessity for increased representation and increased duties thrown upon the local government without, however, gaining any additional income from local sources by the enlargement of its boundaries.

While the older provinces of the Dominion accepted the specific grants allowed them on entering confederation with a full knowledge of their wants in that respect, and while their circumstances are not apt to undergo any rapid or very important changes, those of the Northwest Provinces are subject to alterations year by year from

a continual increase in population and development.

Taking into consideration these features of the case, I think it would be but fair to place the Northwest Provinces on the same footing as Nova Scotia, because Manitoba, for instance, with its enlarged boundaries will have a territory nearly as large as Ontario, and its population in a year or two will likely exceed that of Nova Scotia. The three provinces to be created in the Northwest will possess almost the same characteristics as Manitoba in its enlarged form, and therefore a uniform sum of \$60,000 annually in aid of legislation and civil government might be very properly given to these new provinces. Any alteration in the specific grants to the other provinces will no doubt be adjusted as circumstances may warrant.

The next question to which I would call attention is the second grant made by the Dominion to the provinces, namely, 80c. per head on the population, as shown by each decennial census. When Manitoba was taken into confederation the population was assumed to be 17,000 souls, and on that number the grant has been regularly calculated, although the actual population has yearly increased, until now it will number some 60,000 or 70,000. A decennial census is all well enough for the older provinces, where the population is not liable to increase very rapidly, but in the case of the Northwest, where each year adds thousands (in future it will probably be tens of thousands) to the population a census taken only every ten years cannot answer the requirements of a new and rising country the same as it would an old and settled province, nor can it, therefore, do justice in the premises.

As an example of this, look at the case of Manitoba, which, within the last ten years, even without the aid of railways, has more than quintupled its actual population. Besides this, it is a well-known fact, that, a very large number of people left Ontario and

the other provinces to settle in Manitoba during the last ten years. Yet Manitoba received no benefit from that increase to her population, while Ontario and the other provinces were paid annually 80 cents per head for each person who had thus gone to reside in the prairie province. Was this fair? Ontario, for instance, was relieved of any further charge of these people, while Manitoba had to assume the responsibility without receiving any corresponding benefit.

The result was that Manitoba being unable to meet the increasing requirements of the country had recourse to the Dominion for assistance, and the Federal authorities so far recognized the justice of the claims of that province, that they on two occasions, granted additional aid by an increase to the annual subsidy.

To show the total inadequacy of the subsidy allowed Manitoba it is only necessary to compare it with the actual expenditure of the Province for purposes of local government. By reference to the public accounts of Manitoba, I find that the expenditure up to 31st December, 1879, amounted to \$1,016,840 33, and the subsidy on the original terms for the same period would have been \$604,836. The balance \$412,003.89 was made up in the following manner:—

Increase of subsidy by Dominion.....	\$101,536 19
Advance on School Lands.....	20,000 00
Amount taken from capital debt allowed by Dominion.....	158,886 11
Local sources of revenue for nine years.....	132,261 39
	<u>\$412,003 89</u>

Manitoba during the past year has been obliged to withdraw another \$100,000 from its capital debt for local improvements, and the subsidy, though increased, is still found insufficient for the current expenses of the Province. How will it be, then, when the boundaries of Manitoba are enlarged, which,

I understand, will take place in a few months?

What has taken place in the past is likely to occur again in the future in regard to the subsidy allowed Manitoba, unless some provision is made for guarding against the same. With the rapid construction of the Canadian Pacific Railway, population is certain to increase to a great extent. If the census taken in Manitoba this year shows 60,000 inhabitants in less than three years, the number will be more than doubled. It would not be fair then to strike a rate of 80 cents on 60,000 to last for ten years under these circumstances. It would be the old story over again: the increasing demands of the Province would soon oblige the local Government to renew their delegations for better terms, and the Federal authorities would have to increase the subsidy in order to do justice in the premises. But there is a course open to the Government of Canada to avoid the necessity for any such state of affairs, and that is, by granting to the provinces of the Northwest a triennial census on which the grant of 80 cents per head could be regulated every three years. This, as a special case under the circumstances, would be perfectly justifiable, as it would prevent any future complications in the subsidies to the Northwestern portions of Canada, and would do away with any necessity for future delegations to Ottawa. As soon as the population of Manitoba should have reached 400,000, the grant of 80 cents shall stand at that number, and no further increase in the inhabitants will affect the subsidy, so far as this portion of it is concerned, so that the triennial census would only be of a temporary character until the maximum ratio of population was reached.

Yours,

JULIUS.

LETTER IV.

When the several provinces now comprising the Dominion entered into Confederation it was found necessary, in order to relieve Ontario and Quebec of their debt of seventy-three million dollars, to grant to each of the other provinces a credit on capital account. The amounts allowed were as follows:—

Nova Scotia.....	\$10,531,536
New Brunswick.....	8,176,680
Prince Edward Island.....	4,701,030
British Columbia.....	1,946,284
Manitoba.....	551,447

At the close of the fiscal year, 1879, these sums placed to the credit of the provinces had been reduced from one cause or another, so that they stood as follow:—

Nova Scotia.....	\$54,800 57
New Brunswick had not only used up all its capital but was in debt.....	\$17,214 44
Prince Edward Island.....	733,356 12
British Columbia.....	501,571 24
Manitoba.....	233,060 89

From which it appears that the most of the capital debt allowed under the provisions of Confederation to the minor provinces has been made use of.

I think the principle of keeping debt accounts with the provinces ought to be done away with as soon as possible. Unless the Dominion wishes to continue lending to the provinces, I cannot see any use for such accounts remaining open. Now, that the provinces have used nearly all the capital they were allowed, it seems to me a good time to put an end to any renewal of credits. Let the subsidies be based on specific grants. If, for instance, British Columbia is entitled to \$100,000 for the right of way of the Canadian Pacific, let her have it, and then it will be a regular annual specific grant, and as such will form part of her subsidy. With these specific grants and the 80 cents per head on population, the obligations of the Dominion to the provinces ought to cease.

In readjusting the financial basis on which the relations between the provinces and the Federal Government are to be carried on in

future, care ought to be taken that the circumstances of each portion of the Dominion is fully considered, so as to avoid future complications. To do this I think it would be advisable for the Government to lay down a law determining the nature of public works to be assumed by the Dominion, and at the same time making it perfectly understood that no Provincial Government shall undertake works beyond their means to accomplish, in the hope that the General Government of Canada will relieve them of the responsibility.

I also think that unless the Federal Government can hold some proper security for loans to the Provinces, no such loans ought to be made. What I desire to see is a more independent attitude between the Provinces and the Federal Government, and I would also like to see the Provincial Governments prevented from adding to the general burden of the country by throwing their public works half completed, on the shoulders of Canada whenever it is discovered that the Province is unable to carry on what it commenced, on its own responsibility.

Each Province should be perfectly independent of any help from the Dominion more than the receipt of a regular subsidy from the General Treasury. Of course, if the Provincial Governments can raise the means to carry on any public works without asking aid from the Dominion, it is their right to do so so long as they do not encroach on the privileges of the Federal authority.

It seems to me an element of weakness in confederation that the Dominion Government should be expected to patch up every attempt on the part of provinces to do more than they are capable of completing in the way of public works. It is like allowing too many fingers in the pot which holds the general welfare and financial standing of the country.

To resume, however, the question of Northwest lands and the difficulty of dealing with them until they are surveyed and fully

explored. I think some plan might be arranged by which the provinces of the Northwest could derive some immediate benefit from them. It is quite certain that Manitoba, for instance, must have some other means of revenue than merely the specific grant of \$60,000 and 80 cents per head on actual population. The sum derived from these two sources would not suffice to pay one-half the whole cost of local Government. As already stated I am averse to renewing the system of a credit capital debt, because I think the principle a wrong one and liable to lead to confusion in the future. The only thing left them from which to derive a revenue is the land, as no other source for raising money is within the reach of the new provinces. Manitoba, however, cannot wait until all the lands of the Northwest are surveyed and apportioned for railway, school and Hudson's Bay Co. purposes, and so some temporary plan must be adopted in the meantime to get over the difficulty. I stated in my last letter that 138 million acres would be left for the maintenance of the provinces after paying the whole cost of the Pacific Railway, and laying aside the school and Hudson's Bay lands. We will suppose that four provinces will be created in the Northwest, each one about equal in size to the others. We will then throw off the 38 millions to pay for expenses of management and for worthless lands. This will leave 100 millions, which, divided by four will be 25 millions for each province. To make our calculations as nearly correct as possible we will, however, throw off an additional 10 millions from the share of each Province, leaving 15 millions, which, after having been sifted as thoroughly as I have done, will surely turn out to be good agricultural and valuable lands. We will, however, still continue to value these lands at \$1 per acre nett, which will give to each of the Provinces \$15,000,000 of a capital in real estate. Now as the Pacific Railway is to be completed in ten years it will surely happen that by that time it will have

been determined which lands are to be handed over to Manitoba as its share. In the meantime, however, the Dominion will be in possession of the security. Now if an understanding was arrived at that as soon as the Pacific Railway and other lands shall be determined upon and set aside the balance will be handed over to the Province, Manitoba would have some security with which to visit the money market and effect a loan for the purpose of defraying current expenditure, pending her getting actual possession of her lands, or the Dominion would be justified in advancing a regular annual sum to be recouped from the first sales of Manitoba lands. This would be justifiable, inasmuch as the security for repayment of the advance would remain in the hands of the Dominion, and a sufficient number of acres could be retained to cover the amount advanced ere the balance of lands was handed over to the province.

I do not suppose that anyone will argue that after the cost of railway construction is liquidated, and the whole of the charges on the lands satisfied, the balance ought to remain the general property of the Dominion. If this were to be the case, then the Dominion would have to provide a specific grant for each of the Northwest provinces to enable them to carry on local government and prosecute local improvements. And as the country would become more and more developed, the burden of providing for the requirements of the Northwest would increase in proportion until the Dominion would find a millstone round its neck, very irksome indeed to bear. Especially would this be the case when the provinces, having to rely on the Dominion altogether for support, would be likely to harrass the Federal Government by continual complaints and fresh demands, while if the more independent course was pursued by handing over the lands, a line would be drawn over which the provinces could not reasonably expect to step.

Yours,

JULIUS.

LETTER V.

I am one of those who think that Canada, like the United States, is too much governed; that were the sums expended annually for salaries of Lieut.-Governors and for the petty red tape institutions of provincial legislatures, saved and applied to the general good of the whole country, the Dominion would be very much better off, and the public debt of Canada would not be so great as it is. I am inclined to think that, were the imaginary lines which constitute the boundaries of the province wiped out, and the whole country placed under one general government, with municipal or county organizations to look after local affairs, there would not be such a variety of interests to clash with the general welfare of the whole. But since we have accepted a constitution under Confederation which was made as just to all as could at the time be done, I do not think it would be wise to interfere with the fundamental principles on which the framework of our Dominion was built. I fear that the attempt to effect such a radical change as the doing away with provincial Governments, might endanger the peace and welfare of the whole of Canada. Therefore, it would be the duty of every true Canadian to resist any such change in our constitution, and rather endeavor to perfect as near as possible the institutions and rights granted us under confederation. But I cannot shut my eyes to the fact that a danger of disunion really exists, and that it requires great skill and judgment on the part of public men to allay the feelings of jealousy and discontent which every now and again give signs of vitality amongst the people of one Province against the others. At one time it is British Columbia coming forward with some grievance, then Manitoba, another time it is Prince Edward Island, or some of the other Maritime Provinces, or it is Ontario asserting that she is paying more than her ~~share~~ to the common good, and so on, and it keeps our public men apparently in hot water all the time to know how to satisfy all the demands made upon them. I would like to see more of a spirit of real union amongst

the Provinces, more of a willingness to assist each other, and more of a spirit of *amor patriæ* governing their actions.

To bring this about it becomes the duty of the general Government to adopt one broad principle in their dealings with the provinces which can be made applicable alike to all. To create new provinces in the Northwest, and then tender them different privileges or terms from those enjoyed by the other portions of Canada, is only going to lead to confusion in the future. If British Columbia receives \$100,000 for the right of way to the Canadian Pacific, why should not Manitoba and the other provinces to be created in the Northwest receive the same treatment? If it is because Canada paid a million and a half for the lands, then I have already shown that the Dominion Government will be more than recouped for the outlay. If Canada saw fit to pay \$729,205.95 for the purpose of giving to Prince Edward Island the control of her public lands, why should she not invest \$1,500,000 to give the Northwest provinces their lands? If Prince Edward Island is expected to repay that money to the Dominion, why should not Manitoba and the other provinces be allowed to do the same, and still be given control over their lands? Every province in the Dominion, except the Northwestern portions of Canada, have control over their public lands, from which they realize a very considerable revenue annually. Now this is not a proper equalization of Provincial rights. Although I have acceded to the idea that the Northwest lands ought to pay for the construction of the Canadian Pacific, I do not admit its fairness. If I did, then the same principle, in my opinion, ought to apply to the other public works of the Dominion, or, in other words, each Province ought to be expected to recoup the Federal Government for that portion of expenditure on public works carried on within its limits. This, of course, would be absurd, but if absurd in the one case, why not in the other?

All lands in British North America were first vested in the Crown before they were

handed over to Canada. The proprietary rights of the Hudson's Bay Company to the lands in the Northwest had to be satisfied, it is true, ere Great Britain would hand them over to the Dominion. But this was no more a purchase of the lands than was the advance to Prince Edward Island to extinguish proprietary rights in that Province. It was merely satisfying a claim, the same as the extinguishment of the Indian title, and as such can only be regarded as an advance made on the lands.

There is, however, a slight difference between the extinguishment of the Indian title, and the claim of the Hudson's Bay Company, because the former is more for the purpose of securing law and order in the country by quieting the Indians, while the latter was merely a business transaction.

I hold to one principle, namely, that the public lands of a province ought to be vested in itself as a means of revenue for its local improvements. If, in the case of the Northwest provinces, there are charges on the lands, let these be first satisfied, and the balance of the land handed over to the Provincial Government. If this principle is not a sound one, then the public lands of Ontario, Quebec, and the other provinces of Confederation ought to belong to the Dominion, to be used in the carrying on of necessary public works, as are the lands of the Northwest to build the Canadian Pacific Railway. I contend, however, that the Dominion has no right to hold public lands, except in that portion of the territory of Canada where there is no constitutional or responsible government to be sustained by local revenue. Look at the United States. Whenever a territory becomes a state of the Union the lands cease to be the sole property of the Federal Government of Uncle Sam. They are then administered for the united benefit of the State and Union. Why should not this system be the same with us?

The revenue of the Dominion Government ought to be realized from indirect taxation, such as customs, excise, &c., for the purposes of current expenditure and interest on the public debt. The financial investments of

the Dominion are merely the efforts of the Finance Minister to equalize or pay off the public debt. If he is an adept at the work his loans and investments will result to the benefit of the country, if he is unsuccessful Canada will be the loser. But I do not think it is advisable for the Government to endeavour to undertake the management of railways after they are built—Governments, as a rule, fail in such work where private companies are generally successful. Governments are very good in the making of laws and preserving of order, and of shaping the destinies of a country, but when it comes to the practical details of building or working a railway they are generally found wanting.

It is the same thing in the administration of lands. They are very inferior land agents, especially when they have to deal with such a vast area of country as the Northwest.

I do not mean, however, to throw discredit on the Dominion Lands office; far from it. I merely state that in having to deal with the lands of the Northwest in their present undefined state, they have more than they can properly perform.

The only way to get out of this is to apportion the lands for railway purposes as soon as it can possibly be done, and hand over the balance to the provinces as soon as they are created. This will relieve the Government of a great deal of trouble and labor, and besides it will set three agents at work to populate and develop the country. First, the Syndicate to sell the lands; second, the Dominion to realize on the lands set apart for meeting the cash expenditure on the railway, and third, the Provincial authorities to raise revenue from the sales of their lands for local improvements.

Now, if these principles which I have endeavored to describe were carried out, how would matters stand?

1st. Each province would be entitled to receive a specific grant for legislation and government, in proportion to the circumstances of the case.

2nd. Each province would be entitled to 50c. per head on its actual population, as determined by a decennial census, except in

the cases of the Northwest provinces, which would be regulated by a triennial census, until the population should reach 400,000.

3rd. The balance at credit of the capital account of each province to be at its disposal whenever it is shown to the Dominion Government that it is actually required for purposes of improvement, but no further advances to be made on province account by the Dominion unless in the shape of an investment, for which security will have to be given and interest paid by the province.

4th. The system of making specific grants other than that for legislation and government to be abandoned in the future.

5th. The Dominion to define the public works in the provinces for which it will be liable. No province to undertake any such works in the future without the consent of

the Dominion, unless with the distinct understanding that the Federal Government will not be called on afterwards to assume them.

6th. Each province to be possessed of its own public lands.

Some such code of rules would tend, I think, to harmonize more the relations between the provinces and Federal Government, and under the third clause the Dominion could make an annual advance to Manitoba on her lands until such time as they could be handed over to the provincial Government. The possession of the lands by the Dominion would constitute the security.

Yours,

J. L. L.

LETTER VI.

It may be supposed that I am advocating merely the cause of the Northwest, when I ask that the provinces in that part of Canada be placed in a more independent footing than Manitoba, at least, is to-day. Look at the position of that province at the present time. It gets a subsidy as follows:—

Specific grant.....	\$30,000 00
80c per head on an assumed population of 70,000 souls.....	56,000 00
Interest at 5 per cent on the capital credit account of \$293,060.89.....	14,653 04
	<hr/> \$100,653 04

which unless further provision is made, will through the expiration of the laws granting the additional aid revert back on 31st December, 1881, to the following:—

Specific grant.....	\$30,000 00
80 cents on the first estimate of population, 1,700 souls.....	13,600 00
5 per cent interest on \$293,060.89.....	14,653 04
	<hr/> \$58,253 04
The total local revenue that can be collected as matters at present stand, is about.....	11,000 00
	<hr/> \$47,253 04

Yet the estimated expenditure of the Province for 1880 was \$203,350. What a lamentable position for any province to be placed in, and when the boundaries are enlarged it will be worse, for the expenditure will probably be half as much again as the above estimate, or in the neighborhood of \$300,000. But how on earth is this sum to be raised when Manitoba has only a local revenue of \$11,000 in addition to the small subsidy allowed by the Dominion. I confess it is a puzzle unless Canada steps in and supplies it, in which case it would still have Manitoba in the position of a recipient of favors rather than of rights. The Province would remain a baby fed by the spoon, instead of being able to assert its privilege as full grown person.

What a humiliating position it is for a people to be placed in to feel that they are living on the good will and indulgence as it were, of the Dominion. And be it remem-

bered that the men of Manitoba to-day are largely composed of those who each according to his ability has helped to make the Dominion what it is. Now, is it likely that people hailing from Ontario, Quebec and the other provinces can be contented to live under a Provincial Government who can do little, if anything, in the way of progressive legislation, because they have no means of their own to carry it out. Does it add to the attractions of the prairie provinces to know that they are at best only paupers? It is a picture of Dame Dominion seated at her table with Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, British Columbia, her six favorite children enjoying a good square meal, while Manitoba gropes along on the floor picking up the crumbs. It is very probable that there will be three more babies born to mother Dominion in the Northwest, but I sincerely hope when they see light that they will not be starved as Manitoba has been.

I am not merely advocating the cause of the Northwest; I am appealing to the honor and pride of Canada, that a more liberal or more independent, a more just line of policy, be adopted towards the Northwest in the future than has been in the past. Give us our lands, or if you are not in a position to give them now, let us have a guarantee that we will within a few years enter into possession of them. With that assurance Manitoba would have something to go into the money market with—it could at least borrow on the strength of its inheritance, because it would have some probability of being able to repay. Save us from having to come to Ottawa any more with the oft repeated appeal, "Charity for the love of Heaven."

And now that I have shown how Manitoba is being treated by the Dominion, let me show how the Northwest treats Canada. The prairie region is going to pay out of its lands the whole cost of a railway, a purely national line, amounting to nearly one hundred million dollars, while British Columbia gets \$100,000 annually for the right of way of the

said road. All charges on the lands are to be recouped ere any of them are handed over to the Northwest. At present we contribute each year to the Dominion treasury in the way of customs, excise, sale of lands, &c., &c., something over \$500,000 as our share to the general fund, receiving in return only a little over \$100,000 as subsidy. In the future what are we likely to do? I will only deal with the revenue derived from customs and excise which, according to the returns of 1880, is just \$5.46 to each person in the Dominion, or, in other words, each inhabitant in Canada contributes annually in the neighborhood of \$5.50 to the general treasury. Leaving any revenue to be derived from lands, timber, mines, or other sources out of the question, we find that each settler in the Northwest is worth to the Dominion \$5.50 annually. Is it too much to expect that in 10 years the population of the Northwest will amount to 500,000? I think not. I think that is a very low calculation, but taking it at that figure we have an annual contribution of \$2,750,000 from the baby provinces as their share towards the general fund, a part of which will be applied towards paying off the public debt of Canada. But this is not all, each subsequent year will see a large increase to the population, while in the ordinary course of events there is not likely to be a corresponding increase in the older provinces, so that the time is not far distant when the Northwest will pay one-half, if not more of the revenue of the Dominion. This is the inevitable future. The revenue to be derived from the Northwest is, however, only a small portion of the benefit to be realized by Canada. And right here is where the future salvation of our Dominion lies; for without the Northwest to back it up, it would not be many years ere its manufactories would languish, and its trade become so restricted that if a state of bankruptcy did not follow, there would at least be a chronic state of stagnation. Let the people of the Dominion remember this fact, in support of which I have only to refer them to the history of trade in the United States. What has developed the great

manufacturing interests of the Union if it has not been the great development of the Western States? Certainly it has not been the export of its manufactures to foreign countries that has built up its great industrial institutions. It has been the continued increase of a great demand made by the Western States, as they became more and more developed each year, that has at last placed the Eastern manufacturers of the United States in a position which to-day enables them to compete for the trade of foreign countries as well as their own home demand.

The rapid construction of the Pacific Railway, and the consequent peopling and development of the Northwest, will be the means of securing to every poor man in Canada the source of comfort and happiness for many years to come, by providing a plentitude of work and a corresponding state of good wages. It will be the same old story over again, as was enacted in the United States—the West will supply the East with bread, the East will supply the West with the products of their manufacture, the one is as necessary to the prosperity of the other, as water is to a man to keep him from dying of thirst.

Thus the Dominion containing, within its limits all the elements of independence, can by the adoption of a wise policy promote inter-Provincial relations whereby one portion thereof will contribute to the maintenance of the other portions, which in their turn will supply all the material for the development of the resources of those portions yet unpeopled. But in order that such policy may be a perfect success it is essential that no one portion of the Dominion should be made to assume greater liabilities than are imposed upon the others for the promotion of the general welfare. Thus, while each individual consumer in the Northwest is a contributor in the same degree towards the general revenue of Canada, and is individually liable for his proportionate share of the debt of the Dominion, it is scarcely to be presumed that he can view with satisfaction the appropriation by the Dominion of those local resources for the

benefit of the whole of Canada, which, by the Act of Confederation, were allowed to be the property of the Provinces, and administered by them for their benefit.

The great object of the iron band across the continent is to cement the bond of union existing between the different provinces of the confederation, and no better plan can be adopted to secure the permanency of that union so much to be desired than by giving to the provinces already formed, and those to be formed, constitutions based on the same general principles which were adopted by the founders of confederation, investing them with the same jurisdictions, not only as to the general laws of the Dominion, but also

as regards the administration of those resources which, by general consent, at that time appertained to the provinces.

Well, with such a future to contemplate, would it not be wise for the Dominion to act liberally with the Northwest, to encourage its progress, and to give it those local institutions of good government so necessary to the welfare and contentment of a prosperous people?

Let me never hear again that Manitoba and the Northwest is or ever will be a burden on the Dominion. *Dum vivimus, vivamus.*

Yours,

JULIUS.

LETTER VII.

In my previous letters, while I admitted the fact that the Northwest lands would have to pay for the construction of the Canadian Pacific Railway, I, at the same time, contended that such an arrangement was by no means fair. It is, in fact, contrary to that spirit of justice which the people of the Northwest expected would be rendered to them on entering Confederation. I have already shown why the Canadian Pacific R. R. ought to be considered a national undertaking, and not a work to rest as a burden on one part of Canada more than another. At the same time, I feel that it is now too late in the day to alter the decision of the Government in respect to our lands in the Northwest, in so far as they apply to the Canadian Pacific, but it is not too late for the Dominion to do justice in the premises by recompensing or reimbursing rather the Northwest provinces for the heritage which has been taken away from them.

Now, let us look at the grounds on which I rest my case in support of the position I take in this matter. I hold that the public lands of the Northwest ought to be handed over to the provinces as soon as they are created, and that Manitoba, so far, has been seriously wronged by having her lands withheld from her own control.

The British North America Act of 1867 provides as follows:—"In each province the legislature may exclusively make laws in relation to the management and the sale of the public lands belonging to the province, and of the timber and wood thereon." And in section 109 of the same Act it reads:—"All lands, minerals and royalties belonging to the several provinces of Canada, Nova Scotia and New Brunswick at the Union, and all sums then due or payable for such lands, mines, minerals or royalties shall belong to the several Provinces of Ontario, Quebec, Nova Scotia and New Brunswick, in which the same are situated or arise, subject to any trusts in respect thereof, and to any interest other than that of the Province in the same."

This is what the British North America Act says in regard to the public lands. Now we will see how far the people of the Northwest were led to expect that similar provisions would be extended to them when they became part of confederation.

In 1870, during the commotion that agitated the people of the then Red River settlement at the early prospect of a union with Canada, the principal feature of the demands made by them in convention assembled was that they should be invested with the jurisdiction of the public domain within the Province, and in that respect placed on an equal footing with the other Provinces of the Dominion. To the clause in the Bill of Rights stipulating for such, the answer was given by the Canadian Commissioner in the following words:—

"I have been instructed by the Canadian Government to make known to the people of the settlement that all property held by residents in peaceable possession will be secured to them, and that a most liberal land policy in regard to the future settlement of the country will be adopted—every privilege in this respect enjoyed in Ontario and Quebec being extended to the territory."

Consequently, in the same year the Manitoba Act was passed, which invested the Federal Government with the management of the Crown lands of the Province. It was generally understood, however, that the Act was merely to be temporary in its application to the Province of Manitoba as far as regards the management of the public lands. There was no opposition, therefore, to its operation, it being believed that in the circumstances then prevailing under the unsettled state of the community, any temporary compromise by which Canada could get peaceable possession of the country and establish courts of law for the protection of life and property was better than to remain in a state of anarchy. Moreover the people were firmly assured, through the agent of the Canadian Government, that the same rights in regard to the public lands would soon be

conceded to them as were enjoyed by Ontario and Quebec, the two provinces at that time cited.

In the year 1871 during the absence of Sir John A. Macdonald, a memorandum was prepared by the late Sir Geo. E. Cartier and submitted to the Privy Council of Canada which was adopted and approved by His Excellency the Governor-General. In that memorandum the following significant words appear:—

"The undersigned has to observe that it is absolutely necessary that the Province of Manitoba, as well as any which may hereafter be erected, should hold the same status as the four provinces now composing the Dominion and British Columbia when it comes in—and like them should hold its constitution subject only to alteration by the Imperial Legislature."

(Signed), GEO. ET. CARTIER.

This clause shows very clearly that Manitoba has not been fairly treated in the past, because in reality it has not enjoyed the same status in its relations to the Dominion as Ontario, Quebec, Nova Scotia and New Brunswick, inasmuch as it is the only province of Confederation that has no Crown lands to administer for purposes of local improvement. It will, therefore, be observed that a continuous chain of circumstances points to the fact that it was contemplated that Manitoba, as well as the other provinces yet to be created in the Northwest, should not in this respect occupy any exceptional position. And as provision was made by Imperial legislation for the enlargement of provinces, Manitoba has always eagerly looked forward to the time when the enlargement of her boundaries would take place to then press, upon the attention of the Government the cession to her of the ungranted lands within her limits to be administered by her for the purposes of local revenue.

In strange contrast to the treatment of Manitoba by the Dominion, let us look at that offered to British Columbia. Not only did that Province obtain better terms in

every way than she was in reality entitled, to as compared to Manitoba, but she also retained possession of her public lands. This was not all, however, for in the terms agreed upon we find the following:—"And the Government of British Columbia agree to convey to the Dominion Government in trust, to be appropriated in such manner as the Dominion Government may deem advisable, in furtherance of the construction of the Canada Pacific Railway, a similar extent of public lands throughout its entire length in British Columbia, not to exceed, however, twenty miles on each side of said line, as may be appropriated from the public lands of the Northwest Territories and the Province of Manitoba." But in another part of the Terms of Agreement there appears the following:—"In consideration of the land to be so conveyed in aid of the construction of the said railway, the Dominion Government agree to pay to British Columbia, from the date of the Union, the sum of \$100,000 per annum, in half-yearly payments in advance."

Then, let us look at the case of Prince Edward Island, which had no public lands of its own when it entered Confederation. We find that the Dominion Government made every allowance for its poverty in that respect. Not only did Canada allow Prince Edward Island a credit capital reckoned at \$50.00 per head on its population, while the other Provinces received only at the rate of about \$32.43, but it also gave an annual grant of \$45,000 in lieu of public lands. This was not all, however, for we find by the public accounts up to 31st December, 1879, that the sum of \$729,205.95 has been advanced by the Dominion Government to Prince Edward Island for the purpose of purchasing lands from the proprietors in that Province and vesting them in the Provincial Government.

A large portion of the lands in Manitoba have been—I was almost going to say, frittered away; another very large portion is going to be used in paying for the construction of the Canada Pacific for which Manitoba as a Province derives no benefit, and yet all I contend for is that the

balance of the lands be handed over to the Provincial authorities for purposes of local improvement. But I am too modest in my demands. I doubt very much if the people who, I can tell you without exaggeration, are beginning to rouse themselves from the lethargy in which they have so long slept, will accept so little when so much more is due them. They will be very likely to say that if British Columbia receives \$100,000 annually for the Canada Pacific lands they ought to receive a like amount. I look forward to a very keen agitation on this subject of public lands in the Northwest unless something is done immediately to prevent it. I fear it will be the cause of a great deal of confusion and trouble to the Government. It may interfere with the development of the country and the progress of the Canada Pacific itself; it may lead to the people asking

for the interference of the Imperial authorities in their behalf. The Dominion cannot expect a people to starve politically with abundance all around them. The position of Manitoba will ere long arouse not only the sympathies of the Canadian people themselves, but also those of the people of Great Britain. It is plainly, therefore, the duty of the Dominion Government to take this question up at once and deal with it in some way that will be satisfactory to the people in the Northwest, ere they find themselves surrounded by difficulties which will retard the great national work they have but only now commenced in earnest—the development of the Great West by means of the railway and as a result the future welfare of our Dominion.

Yours,
JULIUS.